



Progress Report | August 2005



Dear Shareholders:

I am pleased to update you on recent developments and continued progress at NetVersant Solutions. Much has happened since our last Progress Report, as your management team has been working on a financial transaction that has revitalized the Company. The timing of this Progress Report has revolved around the completion of that transaction.

NetVersant has been negotiating with two new financial partners — Wells Fargo Foothill and Patriarch Partners — to refinance our banking arrangements to put us on very solid long-term financial footing. Fully completed in late-June 2005, this process, like most financings of this size, took longer than anticipated. The end result, however, is extremely positive for the Company, its shareholders, employees and customers. Several members of our team at the NetVersant Resource Center in Houston, as well as our Board of Directors, dedicated countless hours to ensure the successful completion of this transaction. Their hard work and persistence, along with the support of and commitment by Wells Fargo Foothill and Patriarch Partners, is sincerely appreciated.

FIVE-YEAR MILESTONE

In February 2005, NetVersant celebrated the five-year anniversary of its formation. Over that time, with a commitment to our business plan, NetVersant has become the nation's premier provider of comprehensive and integrated IT solutions.

In order to fully appreciate our success, we must reflect on the events of these past five years, a period in which many companies, whether through management failures, financial weakness, narrow business focus or a combination of issues, were forced to close their doors. The very business model upon which we formed NetVersant — the creation of a national company offering a "OneNetVersant Experience" — has been, and continues to be, the cornerstone of our Company. Throughout the dramatic and unpredictable events in our industry and the nation, including the bursting of the internet bubble, the economic fallout from 9.11, contracted capital IT spending and generally poor business and economic climates, we have continued to invest in and execute on this plan.

COMPETITIVE ADVANTAGES

NetVersant today has the best branded and most widely recognized converging IT service platforms among both our strategic business partners and valued customers.

Our stability and reputation, in sharp contrast with many businesses in our industry, provide NetVersant with key competitive advantages:

- The Company's national presence and geographic footprint are unmatched in the marketplace.
- NetVersant provides a full range of converging IT solutions — network infrastructure, telephony, electronic security systems and wireless services.
- Large multi-location customers recognize the benefits and efficiencies of NetVersant's national service model and our ability to meet their requirements with an extensive service offering.
- Our Company has earned an industry-leading reputation as the provider of choice, earned through diligence, reliability and a company-wide dedication to the "OneNetVersant Experience."

LOOKING FORWARD

NetVersant has maintained its course through a turbulent marketplace, emerging as an even stronger company with a solid balance sheet and the financial support to grow. In addition to our high-demand suite of converging solutions, NetVersant has fostered a tremendous vendor/partner channel with the best of the best technology solutions providers. Our enviable coast-to-coast national footprint is impressive... and growing. The cross marketing of our four converging business lines positions us to provide more services to existing customers and multiple solutions to new customers. And NetVersant unquestionably employs the industry's most talented people, each a valuable member of our team.

With these recent developments as the backdrop, our outlook for the remainder of 2005 and beyond is upbeat and promising as we strive to make NetVersant an even better and more successful organization.

The Board of Directors joins me in offering our sincere appreciation for the continued support and confidence of our shareholders, customers, vendor/partners and dedicated employees. As always, we welcome your comments, questions and suggestions as well as customer referrals.

Respectfully,



Scott L. Fordham
Chief Executive Officer

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